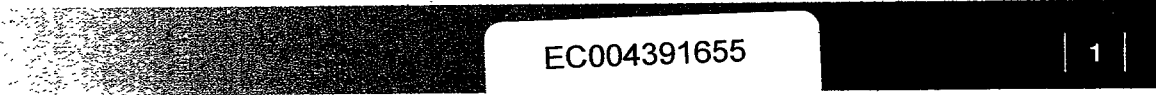




# ***Alberta Power Purchase Arrangements (PPA)***

(The Next Phase in the Deregulation of the Alberta Power Market)



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# Strategy and Benefits

## ❖ Strategy

- ➔ Bid up to a predetermined level on 2 PPA's that create significant expected value that will more than offset the unusual credit and legal risks.

## ❖ Benefits of Participating

- ➔ The size and complexity of the PPA process has led to only 7 approved bidders. Each bidder can buy up to 1390 MW's of the 4000 - 5000 MW's that will be auctioned. Therefore, at least 3 or 4 bidders will win a PPA.

» Enron has a real opportunity to buy a PPA at a very low price.

- ➔ Success in the auction will immediately make Enron a significant player in the Alberta Power Market and lead to numerous origination opportunities.



# PPA Details

## Example of a PPA

Unit	Term	Fuel	Capacity Commitment	Target Availability	Variable Cost	Fixed Cost	Total Cost
Sundance C	2020	Coal	710 MW	85%	\$7.78	\$14.18	\$21.96
Swap Bid Equals \$25.20/MW				PPA Auction Bid \$169 Million			
				→ The \$169 Million is Paid Up-front to the Balancing Pool			

## Value of PPA's

	Sundance A,B,C and Keephills	Wabamun
Term	17 – 20 years	3 years
Maximum Bid Level (implied swap price)	\$25.20/MWh	\$31.05/MWh
Mid Curve	\$28.95/MWh	\$39.30/MWh
New Build Curve (Gas)	\$32.40/MWh	\$32.40/MWh
Spread to Mid at Libor	\$135 – 222 Million	\$73 Million
* For a more detailed financial analysis see DASH.		

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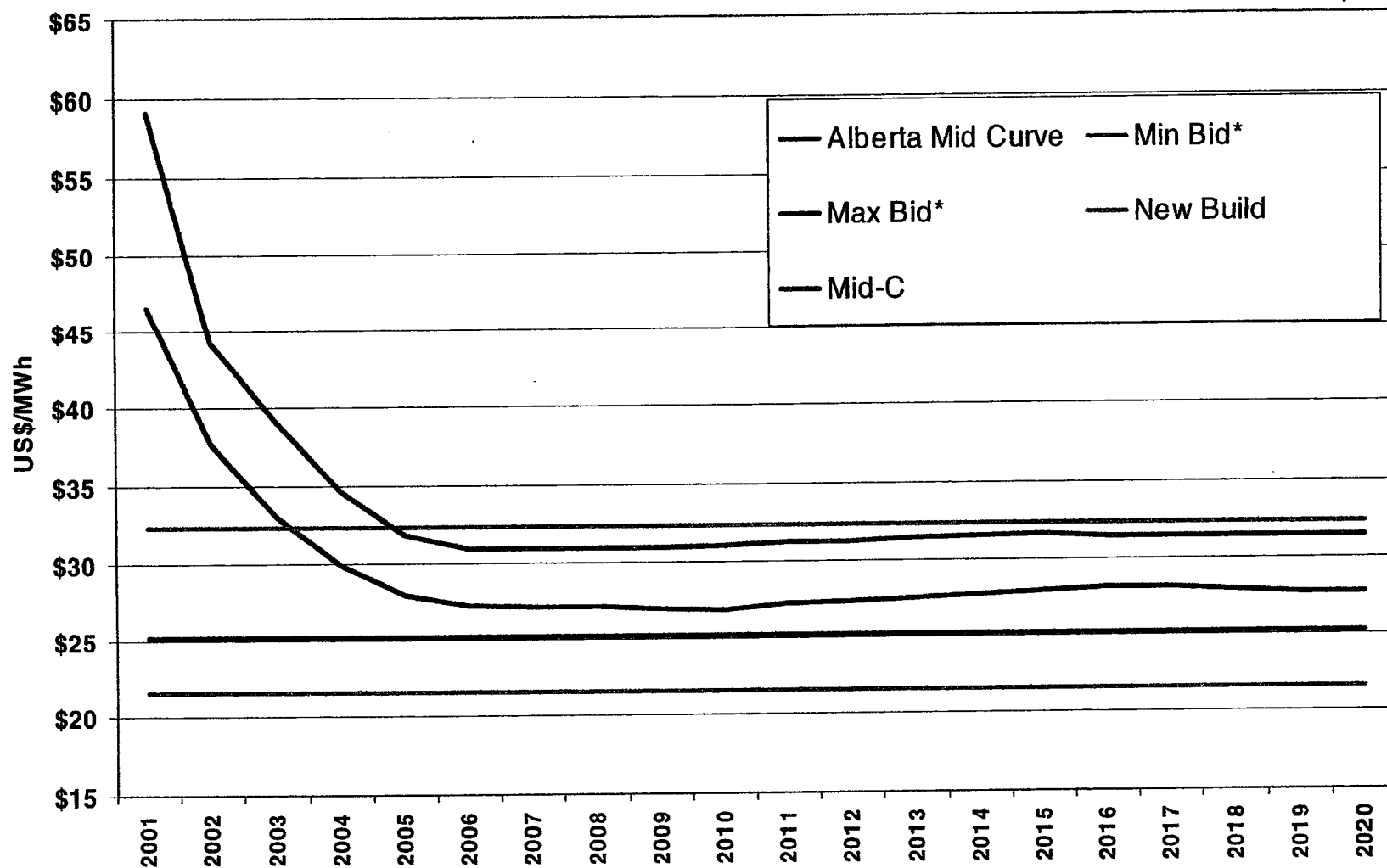
# *Characteristics of the Alberta Marketplace*

- ❖ Alberta is the most fiscally responsible province in Canada and is in the middle of a significant economic expansion.
- ❖ Annual power demand growth has been 2.8% over the last four years and 3.9% over the past 12 months.
- ❖ B.C. Hydro imports megawatts to Alberta as well as the Northwest U.S. market which leads to some correlation between the two markets.
- ❖ The coal units in Alberta are large relative to the size of the market which leads to price spikes when unexpected outages occur.
- ❖ Gas or imports are on the margin and will continue to be in the future.
  - ➔ Our disaster scenario occurs if coal is on the margin and this would require power demand falling by 10 to 20 percent.
- ❖ All buyers of power in Alberta will be exposed to the pool price on January 1, 2001.
  - ➔ All potential hedgers.



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# Alberta Power Curves



\*Sundance B



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# Approval Request

ECPC requests approval to purchase any one individual PPA or a combination of Wabamun and one other PPA.

PPA Bids	Sundance A	Sundance B	Sundance C	Keephills	Wabamun
Approval to bid to up to	\$130 Million	\$210 Million	\$168 Million	\$84 Million	\$41 Million

Enron Corp. requests NA Electricity Limits pending ECPC's success in the auction, as follows:

	Current	Proposed
Net Open Position Limit	18 Million MWhs	90 Million MWhs
Rolling 12-Month Open Position Limit	15 Million MWhs	25 Million MWhs
VAR Limit	\$40 MM	\$50 MM



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